

mences business, and on the last Monday in January and July in every year, shall make a statement in the form prescribed by the schedule annexed to this Act, or as near thereto as circumstances will admit, which statement shall be verified by the oath of the President, Secretary or Cashier, and any person who shall swear to the said statement knowing the same or any part thereof to be false, shall be guilty of perjury in the second degree, and shall be liable on conviction to all the penalties prescribed by law for such offence. A copy of such statement shall be put up in some conspicuous place in the principal office and in every branch or place where the business of the company shall be carried on, and the directors shall cause the said statement to be published in Honolulu in the English and Hawaiian languages in at least one weekly for three times and one daily newspaper for one week.

If the corporation shall make default in compliance with any of the provisions of this section, it shall be liable to a penalty not exceeding fifty dollars for every day of default, and any director or manager permitting or allowing such default shall be liable to a like penalty. All such penalties may be recovered before any police justice.

SECTION 15. The President and Cashier of any corporation formed under this Act shall cause to be kept at all times a full and correct list of the names and residences of all shareholders in the corporation, and the number of shares held by each, in the office where its business is transacted. Such list shall be subject to the inspection of all the shareholders and creditors of the corporation during the regular business hours of the corporation.

A copy of such list, verified by the oath of the President or Cashier, shall, on the first Monday of September of each year, be filed in the office of the Minister of the Interior.

SECTION 16. The Minister of the Interior and the Registrar of Public Accounts of the Kingdom shall, not less than two nor more than four times in each year, make an examination into all the affairs of any corporation formed under this Act, and for that purpose may examine any officer and agent of the same under oath, and shall make a full and detailed report of the condition of the corporation to the King, in Cabinet Council, and no such corporation shall be subject to any other visitatorial powers except those which are vested in the courts of justice.

SECTION 17. The stockholders of any corporation formed under this Act shall at no time be allowed to be collectively indebted or liable to such corporation, either as principal debtors or as sureties, or both, to an amount greater than three-fifths of the capital stock actually paid in and remaining undiminished by losses or otherwise; nor shall the directors be so indebted or liable, except to such an amount and in such manner as shall be prescribed by the By-Laws of such corporation.

SECTION 18. The capital stock of any corporation formed under this Act shall be divided into shares of equal value of an amount to be declared in the articles of incorporation, and the said shares shall be assignable on the books of the corporation, in such manner as its By-Laws shall prescribe; but no shareholder in any such corporation shall have the power to sell or transfer any share held in his own right so long as he shall be liable, either as principal debtor, surety, or otherwise, to the corporation for any debt which shall have become due and remain unpaid, nor in any case shall such shareholder be entitled to receive any dividend, interest or profit on such shares so long as such liabilities shall continue, but all such dividends, interest or profits shall be retained by the corporation and applied towards the discharge of such liabilities.

SECTION 19. No corporation formed under this Act shall take as security for any loan or discount a lien upon any part of its own capital stock, and no such corporation shall be the purchaser of any part of its own capital stock, nor of the capital stock of any other corporation formed under this Act, or of any incorporated company or partnership firm, unless such purchase shall be necessary to prevent loss from a debt previously contracted in good faith, or unless in the case of the forfeiture of stock for non-payment of installments due thereon; and all stock thus purchased or acquired shall be disposed of again within six months from the date of purchase or acquisition.

SECTION 20. The affairs of every corporation formed under this Act shall be managed by not less than five nor more than eleven directors; subject to the provisions herein contained. It shall be lawful for the corporation to prescribe by its articles of association the qualifications of directors, the time and method of their election, and the term for which they shall hold office, and to define their powers and authorities, to provide for their removal from office, the filling of vacancies, and all other matters in connection with their office,

and with the management of the business of the corporation; provided, that the directors elected or appointed shall be residents of the Hawaiian Islands.

SECTION 21. No person shall serve as a director who does not own in his own right at least ten shares of the capital stock of said corporation; nor unless when appointed or elected he shall take an oath that he will, so far as the duty devolves on him, diligently and honestly administer the affairs of such corporation, and will not knowingly violate or willingly permit to be violated any of the provisions of this Act, and that he is the owner in good faith of the number of shares of stock required by this Act standing in his name on the books of the corporation, or subscribed by him, and that the same is not in any way hypothecated or pledged as security for any loan or debt. Such oath subscribed by the person taking it and certified by the officer before whom it is taken shall be filed in the office of the Minister of the Interior.

SECTION 22. No corporation formed under this Act shall at any time be indebted or in any way liable to an amount exceeding the amount of its capital stock at such time actually paid in and remaining undiminished by losses, or otherwise, except on the following accounts, viz:

First—On account of moneys deposited with or collected by such corporation.

Second—On account of bills of exchange or drafts drawn against money actually on deposit to the credit of such corporation, or due thereto.

Third—On account of liabilities to its stockholders for money paid in on the capital stock or for dividends and reserved profits.

SECTION 23. No part of the capital stock of a corporation formed under this Act shall, during the time it continues its business, be withdrawn either in the form of dividends or otherwise.

SECTION 24. Twice at least in every year the accounts of every corporation carrying on business under the provisions of this Act shall be examined by an Auditor or Auditors who shall be elected annually by the corporation in general meeting.

No shareholder nor officer of the corporation shall be capable of being elected an Auditor of such corporation.

An Auditor on quitting office, shall be eligible for re-election.

If any casual vacancy occurs in the office of any Auditor, the surviving Auditor or Auditors, (if any) may act, but if there is no surviving Auditor, the directors shall forthwith call a special general meeting of stockholders for the purpose of supplying the vacancy or vacancies in the Auditorship.

Every Auditor shall have a list delivered to him of all books kept by the corporation and shall at all reasonable times have access to the books and accounts of the corporation; and any Auditor may, in relation to such books and accounts, examine the directors or any other officer of the corporation.

The Auditor or Auditors shall make a report to the stockholders on the accounts examined by him or them, and on every balance sheet laid before the corporation in general meeting during his or their tenure of office; and in every such report shall state whether in their or his opinion the balance sheet referred to in the report is a full and fair balance sheet, properly drawn up, so as to exhibit a correct view of the state of the corporation's affairs as shown by the books of the corporation, and such report shall be read before the corporation in general meeting.

The remuneration of the Auditor or Auditors shall be fixed by the general meeting appointing such Auditor or Auditors.

SECTION 25. Every balance sheet submitted to the annual or other meeting of the members of the corporation shall be signed by the Auditor or Auditors and by the President, Secretary or Manager (if any) and by the directors of the corporation or three of such directors at the least.

SECTION 26. Every corporation formed under the provisions of this Act shall in addition to the powers conferred upon bodies corporate by the provisions of Chapter XXXI of the Civil Code have the following powers, subject to all the restrictions and provisions herein contained to carry on the business of a bank of discount and deposit in this Kingdom, and to make loans of money on cash credit accounts, promissory notes, bills of exchange or letters of credit and other securities of the like nature. And it shall also be lawful for the corporation to deal in money, bullion, specie, precious metal and exchanges of and with all countries and in notes, bills or other securities for money and generally to transact all such other business as is or shall or may at any time hereafter be usual or lawful for establishments carrying on banking in all its branches, except as a bank of issue, to do or transact, also to take security by hypothecation of bills of

lading for the payment of any bill or bills of exchange, drawn against any shipment of any description of produce, bullion or merchandise shipped for exportation to foreign ports or from foreign ports to any port of this Kingdom or from one port to another in this Kingdom. Also to make any advances of money to the proprietors of any sugar mill or sugar or rice plantation on condition of receiving in payment as security only for such money the crops of sugar and other produce of such proprietor. And also to accept and take such real estate as shall be mortgaged to it in good faith by way of security, such as shall be conveyed to it in satisfaction of debts previously contracted, such as it shall purchase at sales under judgments, decrees or mortgages held by the corporation or shall purchase to secure debts due to it. But no such corporation shall hold the possession of any real estate under mortgage or the title and possession of any real estate purchased to secure any debts due to it for a longer period than five years. It may hold and dispose of every kind of personal property, chattels, wares and merchandise, franchises or incorporeal rights and easements which it may have taken in good faith as security in the ordinary course of its business as the interest of the corporation may require. The corporation shall not undertake or be employed in any commercial, agricultural or common carrier business; and its right to hold and dispose of property acquired from securities or in payment of debts shall not be construed to authorize the Bank to undertake and engage in or carry on any such business as last above mentioned.

SECTION 27. If for any reason any corporation formed under this Act desires to disincorporate and wind up its affairs, it shall present a petition to the Minister of the Interior, together with a certificate setting forth that at a meeting of its stockholders, called for that purpose, it was decided by a vote of three-fourths or more of the stockholders to dissolve the corporation, which certificate shall be signed by the presiding officer and secretary of such meeting. The Minister shall enter such petition and certificate of record in his office, and after thirty days notice by publication in Hawaiian and English, in two newspapers published in Honolulu, shall proceed to consider the same, and if satisfied that the vote certified has been duly taken and that all debts due by the said corporation have been paid and discharged, he shall declare the corporation dissolved.

SECTION 28. Unless other persons are appointed by some court of competent jurisdiction in pursuance of due process of law, the directors of the corporation at the time of the dissolution shall continue to act as trustees of the stockholders and shall have full power to settle and wind up the affairs of the corporation and distribute the proceeds among the stockholders pro rata.

SECTION 29. So much of Chapter XXXI of the Civil Code as relates to Banking Corporations and all Acts and parts of Acts of the Legislature in so far as they may conflict with the provisions of this Act are hereby repealed.

SECTION 30. This Act may be cited in all proceedings and for all purposes as the Banking Act of 1884.

#### THE SCHEDULE HEREIN REFERRED TO :

The banking Act of 1884.

Return pursuant to section 14 of the said Act.

The capital of the company is.....divided into..... shares of .....each.

The number of shares issued is.....

Assessments to the amount of.....per share have been made, under which the sum of.....has been received.

The liabilities of the company on the first day of January (or July) were.....

Debts owing to sundry persons by the company :

On judgement

On specialty

On notes or bills

On simple contracts

On deposits

On estimated liabilities

The assets of the company on that day were :

Government securities (stating them)

Bills of exchange and promissory notes

Cash in hand

Other securities

Approved on this 11th day of August A. D. 1884.

KALAKAUA, REX